HUDSON'S BAY COMPANY.

THE SUPPLEMENTARY CHARTER.

An EXTRAORDINARY GENERAL COURT of the Governor and Company of Adventurers of England trading into Hudson's Bay was held on Friday, July 12, at the City Terminus Hotel, Cannon-street, under the presidency of LORD STRATHCONA AND MOUNT ROYAL, to consider the adoption of the new charter of July 4, 1912, and the by-laws dealing with the circumstances arising therefrom.

The SECRETARY (Mr. F. C. Ingrams) having read the notice convening the meeting,

The GOVERNOR said:—Ladies and Gentlemen, you are all aware that our original charter was granted in the time of Charles II. in 1670—243 years ago—to a company of merchants in England under the auspices of Prince Rupert, and the whole country then ceded to the Hudson's Bay Company was known as that of Rupert's Land, comprising all the territory the waters of which discharged into Hundson's Bay, which was from the summit of the Rocky Mountains down to Hudson's Bay—an immense tract of country much of which at the present day belongs to the United States of America, having been ceded by the British Government from time to time under treaty. At the time the charter was granted Canada was in the possession of France, and I may say that not only at that time but for 100 years afterwards the Hudson's Bay Company was the most important trading concern in the whole of Canada—indeed, the only exports from Canada at that time were those of the furs of the Hudson's

Bay Company and the timber from the immense forests of that Bay. The aspect of affairs then was very different from what it is now. In the whole of that territory of Rupert's Land there were, perhaps, 200 or 300 white people in the service of the Hudson's Bay Company. To-day there are in Canada some 8,000,000 people, of whom a large portion are in what was the territory of Rupert's Land, and from that territory, which at the time we speak of and until 40 or 50 years ago produced absolutely nothing but furs, they have now wheat alone equal to a value of $200,000,000. Let me also say that it is owing in a great measure to the able way in which the government was conducted during that long term of administration of the Hudson's Bay Company that to-day Canada, as it is, is a portion of the Empire of Great Britain.

The Company's Prestige.

Let me give you one instance. Some 40 or 45 years ago there was a rebellion on the part of the Indians in the districts of what are known as Minnesota and Dakota, beyond Abercromby, which is only about 100 or 120 miles from St. Paul; there was absolutely no settlement of any kind—nothing that could be called a settlement. The Sioux Indians ranged over the whole of that area, and were at war with the United States. There was, however, one post, that of Fort George, retained by treaty by the Hudson's Bay Company, 200 miles from any settlement on any side, and within that fort—call it a fort if you like; it was nothing but a stockade which you could almost leap over—within that fort every one whether he was an Englishman or no matter what nation he might belong to, under the Hudson's Bay Company, was absolutely safe, while if a person was found five or ten miles outside of it he was looked upon as being liable to be murdered or scalped. That shows the prestige of the Hudson's Bay Company then, and I am happy to say that to-day that prestige is still in existence in the North-West, where most of your business is transacted, and it is a very excellent asset to the company. The company has been well known throughout for the honourable way in which it has dealt not only with the natives of the country, but also with all those within that great territory, and that gives you a great advantage even at the present day. Of course, the charter, comprehensive as it was, and well-fitted for what was required of it then,

gave ample liberty and power to its directors while at the same time conserving most fully the rights of the shareholders. It was an admirable charter for that day. You will well understand that with the teeming population of Canada at the present day it is not, as it was then, fitted for what is required, and so it is that we now come before you with a supplemental charter which we hope will commend itself to you.

Points in the New Charter Explained.

The special report and provisions of the new charter have been in your possession for some days, and I assume you will be willing to take them as read. There is only one alteration in the charter as approved by the Crown and that submitted to you—the word "land" on page 8 being altered to "lands." I will now proceed to deal with a few points which may not be altogether clear to those of you who have not studied our needs and the means of attaining the ends we have in view. As you are aware, several provisions were introduced into the charter of 1892 which were never made use of and for which there is no present or future need. The alterations which were considered desirable to enable the necessary amendments to be made were so numerous that they could not be conveniently effected by an amending charter, and it was therefore considered desirable for the sake of clearness and convenience of reference that a supplemental charter should be obtained annulling the provisions of the charter of 1892 altogether, and substituting for them a new and amended set, which we now place before you.

Passing over the recital, which occupies several pages, we come to the provisions, of which Nos. 1 and 2 repeal the provisions of the previous charters, which are inconsistent with the present charter. The new matter is comprised in Clauses 3, 4, 5, 9, and 16 of the proposed supplemental charter.

The Sub-Division of the Shares: New Capital.

No. 3 provides for the sub-division of the existing shares of £10 each into shares of not less than £1 each, and with your approval it is proposed to deal with this matter forthwith, and to divide each share of £10 into ten shares of £1 each. The usefulness of this provision requires no demonstration, as its benefits will be evident to all. Let me say in this connexion that, going back 21 or 22 years ago, the share was then

£17. It had been reduced from £20, which was its original amount, to £17 by a payment by the Dominion Government of £300,000, which was devoted to writing off that portion of the capital. At that time, and for a number of years, the share of £17 might have been bought at anywhere between £10 and £14 or £15. That was the position of the company at that time and to a certain extent for some years afterwards. We sold 21 years ago 17,000 acres of land, and the following year I think something like the same, and the dividend to the shareholders was 6s. 6d. per share. You may compare that for yourselves with what we have given in this last year and what we trust may be given in years to come.

Clauses Nos. 4 and 5 empower the board, with the consent of the company at a general court, to raise new capital, and it is proposed, with your concurrence, to at once issue 200,000 5 per cent. Cumulative Preference Shares of £5 each at par, say, £1,000,000, to provide the necessary funds to meet the present needs of the company for the extension of the general business in pursuance of the policy of the board during the past two years. You are aware that at the time I speak of practically the only assets of the company for dividends arose from the fur trade. Now, in addition to that there is a very important business—that of the sale-shops for providing supplies for the immense number of settlers who are in the country and who are yearly going into it. We hope that by this means and by the employment of a proper amount of capital we shall be able to add very considerably indeed to the net profits of the company. These shares will be allotted to shareholders on the register on July 12, 1912, in the proportion of two shares of £5 each for every Ordinary share of £10. It is considered that this issue should be very favourably received by the shareholders, and be readily subscribed for by them, as it is anticipated that the shares will go to a substantial premium. Any shares not accepted by shareholders will be disposed of for the benefit of the company.

A Capital Reserve Fund.

No. 9 is a clause which requires some little explanation. It is in substitution of subsection (*b*) of Clause 5 of the charter of 1892, which earmarked the proceeds from the sale of the last 1,500,000 acres of lands for the reduction of the capital and other liabilities of the company. It is felt that the setting

aside of a sum of not less than $2—something over 8s.—per acre of lands sold subsequent to this date as a capital reserve fund safeguards the interests of the shareholders far better than the clause in the old charter, while it does not place too great a burden upon the present generation of shareholders for the benefit of generations to come. The income arising from the investment of this capital reserve fund will be treated as part of the general assets of the company.

Borrowing Powers.

Clause No. 16 confers on the company in general court the power to borrow and reborrow money on Debentures, Debenture stock, or Debenture bonds to an amount not exceeding £2,000,000. This is in substitution for the £250,000 authorized in the 1892 charter, an amount which, under existing conditions, is a manifestly inadequate sum for which to pledge real estate to the value of many millions. It is not the intention of the directors to at present seek authority to issue any portion of this sum. Your real estate, as you were told the other day, consists of something like 5,000,000 acres, and the average price per acre, as shown at that time, approached almost £4, so you see that, taking 8s., as is proposed, for each acre, you are making ample provision, instead of what was conferred by the old charter.

I do not think that the other clauses, which are really consequent on those which have been dealt with, need any explanation, but before moving resolutions 1 to 3 I shall be glad to know if it is your wish that they should be taken separately or may I put them to the meeting as a whole ? (Hear, hear.) Then I propose

"(1) That the Governor and committee be and are hereby authorized to accept a supplemental charter in the form now submitted to the general court of the company, with such modifications (if any) as may be imposed by the Crown and sanctioned by the governor and committee."

"(2) To subdivide the Ordinary shares of the company of the denomination into £10 each into ten shares of the denomination of £1 each."

"(3) That the capital of the company be and the same is hereby increased by the creation of 200,000 new shares of £5

each, and that such new shares be Preference shares, and shall be issued with such rights and privileges as regards both distribution of assets and dividends and at such price and generally upon such terms and conditions as the board may determine."

Sir Thomas Skinner, Bt., seconded the resolutions.

Dr. Wakefield observed that in paragragh No. 9 of the supplemental charter there was the following statement referring to the special reserve :—" The moneys so invested and the investments and securities for the time being representing the same shall be retained by the company as a capital reserve fund available for the repayment at such time or times as may be thought expedient of the then paid-up capital of the company for the time being." He presumed that that did not mean that any shareholder could have the whole of his capital repaid, so as to make him no longer a shareholder in the company without his consent.

The Governor replied that nothing of the kind could be done without the consent of a general court.

The resolutions were then put and carried unanimously.

The Governor —I next have to move the adoption of resolution No. 4, which deals with the alterations of and additions to the by-laws of the company. As all but one are supplementary to and consequent on the clauses of the new charter, they call for no comment or explanation. Clause No. 43 provides for the issue of certificates. Instead of being sealed and signed by two directors and countersigned by the secretary, they will be sealed and signed by one director and countersigned by the secretary or some other person appointed by the board. By-law No. 43 will therefore be amended as follows :—" 43. The certificates of title to shares shall be issued under the seal of the company and signed by one member of the board and countersigned by the secretary or some other person appointed by the board." The alteration affecting the remuneration of the services of the board is considered desirable under the present circumstances of the company, and as they have the assurance of many of the large shareholders that the board's action in bringing forward this question only anticipates their wishes and intentions, the committee have the more confidence in submitting this clause for your approval.

I now beg formally to move the adoption of the fourth resolution :—

"(4) That from and immediately after the date of the grant of the supplemental charter the by-laws of the company numbered 9 and 25 be revoked and cease to have effect. The court will also be asked to consider, and, if thought fit, to ordain, that from and after the date of the grant of the said supplemental charter new by-laws (copies of which are hereto subjoined), with or without such modifications (if any) as the court may think fit, be added to and form part of the by-laws of the company."

Sir T. Skinner seconded the resolution.

Mr. Robert Ward said that he did not propose to offer the slightest objection to the resolution, but simply to call to the recollection of the chairman what he mentioned two or three years ago as to the want of facilities in Canada for the transfer of shares in the company. The difficulty could be overcome very simply by establishing a registry either in Toronto or Montreal, and he trusted that the board would take the matter into consideration.

Mr. Henry Clarke said that, having come into contact with many Canadians, he had no doubt that it would be good policy to induce them to take as great an interest in the company as possible.

Mr. Samuel doubted whether it was wise to increase the capital.

The Governor, in reply, said that they were always glad to hear remarks and suggestions from Mr. Ward, who knew so much with regard to Canada, and also from Mr. Clarke, who was one of their oldest shareholders. The shareholders might take it for granted that the question of establishing a transfer office in Canada would have the best consideration of the board. With regard to the increase of capital, it was for a certain purpose. There were in this country great stores, such as the Army and Navy and Harrods, and the directors believed that it would be in the best interests of the shareholders of the Hudson's Bay Company that similar stores should be extended throughout the country, in Manitoba and the other provinces. He thought that the shareholders,

especially those who had been in the country, would agree that it was a wise step on the part of the company to endeavour, with the prestige they enjoyed, to get their share of the general trade of the country. With regard to those shareholders who had not been in Canada, he would advise them very strongly to take the first opportunity of visiting the country and seeing it for themselves.

The resolution was then put and carried unanimously.

The GOVERNOR, in answer to Mr. GONNE, said that the company have the rights to the minerals underlying their lands.

A vote of thanks to the Chairman terminated the proceedings.

Printed by JOHN PARKINSON BLAND, at The Times Office,
Printing House Square, London, E.C.